

**ADMINISTRATION AGREEMENT**

THIS AGREEMENT ("Agreement") made as of the 1<sup>st</sup> day of ~~August~~, 1991 ("Effective Date") is entered by and between CAMBRIDGE ANTIBODY TECHNOLOGY LTD of The Daly Research Laboratories, Babraham, Cambridge CB2 4AT (hereinafter called the "Company"), and the MEDICAL RESEARCH COUNCIL, a public body incorporated by Act of Parliament, having its principal place of business at 20 Park Crescent, London W1N 4AL (hereinafter called "MRC").

**WITNESSETH**

WHEREAS, the Company and MRC intend to be joint applicants of a final U.K. patent application based on the priority U.K. Patent Application No. 9015198.6 for "Binding Substances", which priority application describes an invention (the "Invention") made jointly by employees of the Company and employees of MRC;

WHEREAS, MRC desires that the Company administer and commercially exploit the Invention and the Company is willing to undertake such administration upon the following terms and conditions;

NOW THEREFORE intending to be legally bound and in consideration of the mutual covenants and conditions contained herein, the Company and MRC hereby agree as follows:

**1. TITLE AND SCOPE**

Title to the Invention shall be held jointly, one half (50%) by the Company and one half (50%) by MRC.

The scope of this Agreement shall extend to all patent applications and patents (whether U.K. or foreign) derived from U.K. Patent Application No. 9015198.6, including any divisions, renewals, continuations, extensions or reissues thereof.

**2. PATENT PROSECUTION**

The Company agrees to prosecute the U.K. patent application covering the Invention in good faith with the intention of receiving final issuance of the U.K. patent.

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EXHIBIT

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### 3. FOREIGN PATENTS

The Company agrees to evaluate the Invention for possible foreign (non-U.K.) patent applications and to file such patent applications as the Company, at its sole discretion, may deem appropriate. The Company further agrees to prosecute and maintain such foreign patent applications in good faith in the several foreign Patent Offices with the intention of securing patents to issue thereon. Such patents will be maintained by the Company. The Company will advise MRC of the countries in which foreign filings are being considered in advance of its decision to proceed with such filings. If the Company elects not to undertake such foreign filing or elects to discontinue prosecuting or maintaining any such patent application or patent, it will give timely notice of same to MRC and MRC will thereupon have the option to undertake such filing, prosecution or maintenance at its own expense.

### 4. ADMINISTRATION

Subject to the provisions of Clauses 13, 14 and 15 [termination], MRC hereby undertakes not to enter into negotiations or agreements with third parties in respect of licensing of the Invention. MRC further agrees to use reasonable endeavours to advise the Company of the names of third parties who approach MRC with an interest to negotiate licence rights to the Invention. It is understood and agreed that the Company will conduct such negotiations unless otherwise agreed or determined in accordance with a policy of non-exclusive licensing other than in the fields of production of catalytic antibodies or products which contain phage antibodies, in which fields exclusive licences may be granted.

### 5. DILIGENCE

The Company agrees to employ reasonable efforts to licence or otherwise exploit the Invention in order to secure a return in accordance with good commercial practice. If the Company elects not to continue to exploit the Invention diligently in good faith under this Agreement, it will give timely notice of same to MRC and MRC will thereafter have the option to administer the Invention. The Company shall submit progress reports of its activities in the licensing and exploitation of the Invention under this Agreement, the first such report to be submitted six (6) months from the Effective Date and further such reports to

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continue to be submitted at six (6) month intervals thereafter. MRC agrees to maintain information in such reports in confidence to the same extent as it maintains like information of its own in confidence.

6. PATENT ENFORCEMENT

The Company agrees to employ reasonable efforts to enforce any patents, U.K. or foreign, which may issue on patent applications covering the Invention. The decision to enforce the patents, and the means chosen to do so, shall rest solely with the Company. If the Company elects not to enforce any such patents or elects to discontinue legal proceedings to enforce such patents in the absence of a fair and reasonable settlement, it will give timely notice of same to MRC and MRC will thereupon have the option to undertake such enforcement at its own expense. In the event that the Company intends to undertake the enforcement and/or defence of such patents by litigation, the Company shall give MRC reasonable notice of such intention and the parties will use best endeavours to agree a reasonable basis for the sharing of legal costs. In the absence of agreement the Company shall have the option to pursue legal proceedings at its own expense. MRC shall in any event use whatever means at its disposal, short of litigation, to stop patent disputes from arising, or to bring patent disputes to an end.

7. HOLD HARMLESS

The Company agrees to indemnify and hold harmless MRC, and its respective officers, employees and agents from and against any and all claims, damages and liabilities asserted by third parties, both government and private, arising directly or indirectly from the Company's licensing or use of the Invention or the use thereof by others who are licensed to use it unless such claims, damages and liabilities arise from the negligence of MRC or its employees. The Company shall secure adequate insurance against liabilities to third parties in accordance with good business practice.

8. RECORDS

The Company shall keep full, true and accurate books of account and records containing all particulars that may be necessary for the purpose of showing the amounts payable to MRC hereunder.

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Records shall include full details of the expenses (as specified in Clause 10) incurred and income (as specified in Clause 9) received in connection with licensing of the Invention. These books of account and records shall be made available for inspection by MRC within a reasonable time after receipt of a request for access by the Company. Reasonable access will be granted at a time and place agreed upon by the parties.

#### 9. INCOME

Subject to the terms of Clause 10 income derived from licensing the Invention including licence fees, exclusivity payments, minimum royalty payments and royalties shall be redacted by the Company and redacted. MRC expressly acknowledge that the Company may charge higher royalty rates than the rates specified in the draft standard licence terms specified in Schedule 1 of this Agreement when the licensee has placed contract work with the Company within the Field defined in Schedule 1 and in that event the Company shall retain in full royalty payments and licence fees in excess of the payments specified in Schedule 1. The Company shall not reduce the standard financial provisions of licences as set out in Schedule 1 without the permission of MRC, and shall inform MRC of any increase in the standard financial provisions of licences. Schedule 1 shall be amended in accordance with such an increase. The Company shall provide MRC with a statement and accounting pursuant to clause 8 hereof and shall pay MRC all monies due under this Agreement in respect of the previous half yearly accounting period not later than January 15 (in respect of the April to September accounting period) and July 15 (in respect of the October to March accounting period) each calendar year. The Company and MRC shall each be responsible to its respective employees for sharing royalty income in respect of the Invention under the U.K. 1977 Patents Act or such other legislation and employee royalty-sharing schemes as may from time to time be in effect.

#### 10. EXPENSES

A sum equivalent to the costs incurred by the Company in respect of patent fees, patent agents costs, patent insurance premiums and legal fees for drafting standard licence terms shall be deducted

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from total income from licensing and retained by the Company before the calculation of the share owing to MRC. The Company shall furnish MRC with copy invoices in respect of such expenses. In addition a sum of ~~deducted~~ shall be deducted from each licence fee paid by licensees before calculation of the share of licence fee income owing to MRC.

11. NON-CASH PAYMENTS

The Company shall not receive from licensees anything of value in lieu of cash payments in consideration for any right or transaction negotiated pursuant to this Agreement, without the express prior written permission of MRC.

12. CURRENCY

Payments pursuant to clause 10. hereof shall be made in U.K. Pound Sterling by bank transfer to the account of MRC at the Bank of England (MRC No. 1 Account), or at such other place as MRC may reasonably designate consistent with the laws and regulations controlling in any foreign country. If any currency conversion shall be required in connection with the accounting of payment received by the Company of income hereunder, such conversion shall be made by using the exchange rate prevailing at the Midland Bank in London on the last business day of the calendar quarter to which such payments relate.

13. TERMINATION BY MRC

If the Company shall cease to carry on its business, this Agreement shall terminate upon notice by MRC. Should the Company fail to make payments to MRC due and payable hereunder, MRC shall have the right to terminate this Agreement on sixty (60) days' notice, unless the Company shall pay MRC all such overdue payments within the sixty (60) day period. Upon the expiration of the sixty (60) day period, if the Company shall not have paid all such payments, the rights, privileges and licence granted hereunder shall terminate.

14. TERMINATION BY THE COMPANY

The Company shall have the right to terminate this Agreement at any time on six (6) months' notice to MRC, and upon payment of all amounts due MRC through the effective date of the termination.

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15. TERMINATION FOR DEFAULT

Upon any material breach or default of this Agreement by either party, other than those occurrences set out in clause 13. herein, which shall always take precedence in that order over any other material breach or default, the other party shall have the right to terminate this Agreement and the rights, privileges and licence granted hereunder by sixty (60) days' notice to the defaulting party. Such termination shall become effective unless the Company shall have cured any such breach or default prior to the expiration of the sixty (60) day period. Termination under this Clause or under Clauses 13 or 14 is without prejudice to rights already incurred.

16. SURVIVAL

Upon termination of this Agreement for any reason, nothing herein shall be construed to release either party from any obligation that matured prior to the effective date of such termination. The Company's obligations to report to MRC and make payments to MRC under the terms of this Agreement prior to termination or expiration of this Agreement shall survive such termination or expiration.

17. GOVERNING LAW AND ARBITRATION

This Agreement shall be governed and construed according to the laws of England. MRC and the Company shall endeavour amicably to settle any disputes arising under this Agreement. If the parties are unable to settle any dispute by themselves, then any such dispute arising in connection with this Agreement shall be finally settled by arbitration conducted in England, by and in accordance with the rules then obtaining of the London Court of Arbitration and judgement upon the award rendered may be entered in the highest court of the forum, having jurisdiction. The provisions of this Section shall not apply to any dispute or controversy as to which any treaty or law prohibits settlement as contemplated under this Section.

18. WAIVERS

None of the terms of this Agreement may be waived or modified except by an express agreement in writing signed by the party

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against whom enforcement of such waiver or modification is sought. The failure or delay of either party in enforcing any of its rights under this Agreement shall not be deemed a continuing waiver or a modification by such party of such right. If one or more of the provisions of this Agreement shall be found to be illegal or invalid, it shall not affect the legality or validity of any of the remaining provisions hereof.

19. NON-USE OF NAMES

Neither party hereto shall use the name of the other in any publicity or advertising relating to the Invention without the prior written approval of the other party thereto.

IN WITNESS WHEREOF, the Company and MRC have caused this Agreement to be executed in duplicate by their respective duly authorized offices.

THE COMPANY

By: 

Name and Title: ~~Conrad Casanova~~ D.J. Casanova

Witnessed

By: 

Dated 1<sup>st</sup> Aug 1991

MEDICAL RESEARCH COUNCIL

By: 

Name and Title: Martin R. Wood Ph.D.  
Head of Technology & Group

Witnessed

By: 

Dated 26 July 1991

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SCHEDULE 1 OF ADMINISTRATION AGREEMENT

## LICENCE AGREEMENT

THIS LICENCE AGREEMENT is made on the                  day of                  19  
BETWEEN

(1) Cambridge Antibody Technology Limited ("CAT") of the Daly Research Laboratories, Babraham Hall, Cambridge, CB2 4AT; and

(2) \_\_\_\_\_ ("the Licensee")  
of \_\_\_\_\_

## RECITALS

The phage antibody technology arose from a collaboration between scientists at CAT and the Medical Research Council's Laboratory for Molecular Biology (see McCafferty et al (1990) Nature Vol 348 pp 552 - 554). Patents have been applied for and CAT has the exclusive right to grant licences for the commercialisation of the phage antibody technology. CAT and the Medical Research Council feel that the technology is a powerful tool for the isolation of specific antibodies and, therefore, should be licensed under terms that encourage its widespread use and commercialisation.

The Licensee wishes to take out a non-exclusive, worldwide licence to the technology and CAT is willing and able to grant such a licence on the terms of this Agreement.

IT IS AGREED

## Definitions

The following expressions shall have the meanings given to them:

"Control"                    the ownership of more than 50% of the  
                                  issued share capital or the power to  
                                  direct or to cause the direction of the  
                                  general management and policies of the  
                                  party in question

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"Effective Date" the date given at the beginning of this Agreement

"Field" the use of phage-antibody technology as defined in the Patents to identify and isolate antibodies and molecules derived from those antibodies for use in Products or in a production process. Specifically excluded from the Field are antibodies for use as catalysts and products actually containing phage-antibodies.

"Group" The Licensee, its holding company (if applicable) and any subsidiary of the Licensee or, if applicable, its holding company

"Know-how" know-how developed by CAT within the Field

"Net Sales Value" the gross income invoiced by the Licensee or any other member of the Group on the sale of Products to independent third parties at arm's length, less:

- (a) normal discounts where those discounts are actually granted
- (b) credits allowed for Products returned or not accepted by a third-party purchaser
- (c) packaging, carriage and prepaid insurance charges on shipments or deliveries to a third-party purchaser

"Patents" UK Patent application no UK 9015198.6 and European and world-wide patents derived from it and the patents when granted, including any patents which derive from the Patents and any continuations and continuations-in-part

"Products"                    any products which may be made by the  
Licensee wholly or partly using the  
technology covered by the Patents and/or  
the Know-how

"Territory"                worldwide

1. Commencement

This Agreement shall come into force on the Effective Date.

2. The Licence

2.1 CAT grants the Licensee a non-exclusive, non-transferable  
licence to use the Patents and the Know-how in the Field.

2.2 The licence granted by sub-clause 2.1 shall cover the  
Territory.

2.3 The licence granted by sub-clause 2.1 shall start on the  
Effective Date and shall last until the expiry of 15  
years from the date of first commercial sale by the  
Licensee unless terminated earlier in accordance with  
clause 13 (Termination).

2.4 The Licensee shall have no right to grant any sublicences  
to the Patents or the Know-how.

3. Fees and Royalties

3.1 The Licensee shall pay CAT a non-refundable licence fee  
of ~~redacted~~ on the signing of this Agreement.

3.2 The Licensee shall pay royalties to CAT at the rate of ~~redacted~~  
of the Net Sales Value of Products. If the sale of  
Products involves the payment by the Licensee of  
royalties to a third party, the rate of royalty payable  
under this Agreement shall be reduced by one half of the  
other royalty, provided that royalties payable under this  
Agreement shall not be less than ~~redacted~~ of the Net Sales  
Value of Products.

- 3.3 The Licensee shall be responsible to CAT for payment of royalties payable by members of the Group, which shall be deemed to be royalties payable by the Licensee in accordance with the terms of this Agreement.
- 3.4 Should any of the Patents not have been granted within seven years of the Effective Date, royalties payable in respect of sales of Products in the part of the Territory over which the particular Patent has not yet issued shall be reduced to one-half of the royalty rate payable during the first seven years, until such time as the particular Patent shall be granted, when the original royalty rate shall apply again.
- 3.5 Royalty payments shall be made six monthly, to an account specified by CAT within 60 days of 1 January and 1 July each year. Royalties shall be paid in pounds sterling and (if necessary) converted into sterling on 2 January or 1 July as appropriate using the mid-point of the noon spot rate of exchange in London on the relevant date. If the relevant date is not a day on which a spot rate of exchange is published, the spot rate of exchange on the next following business day shall be used.
- 3.6 Payments due under this Agreement shall be made in full, without any deduction in respect of withholding or any other taxes of whatsoever nature.
- 3.7 No Products may be transferred free of charge to third parties, except for promotional purposes.
- 3.8 The Licensee shall keep full records of all sales to third parties. The Licensee shall provide CAT annually with a certificate signed by its auditors that the royalty payments for the appropriate year were correct. Any underpayment is to accompany this certificate.
- 3.9 After this Agreement shall have been in force for two years, minimum royalties of ~~reduced~~ per year shall be

payable by the Licensee to CAT. Minimum royalties so paid shall be credited against future royalties payable.

4. Software Support

4.1 The Licensee shall pay CAT ~~deducted~~ (non-refundable) on the signature of this Agreement for the provision of support for the first year of this Agreement. Software support will include appropriate vectors, 0.5 ml anti fd antiserum, oligonucleotide sequences, control phage and technical information covering methodology. In addition, the Licensee shall have access to CAT consultation by letter or fax or, at times convenient to CAT, telephone or personal visit to CAT's facilities for up to two man-days of CAT's time. Technical visits by CAT staff can be arranged to the Licensee's facilities by mutual agreement, at a cost of ~~deducted~~ per day plus reimbursement of reasonable subsistence and travelling expenses including (without limitation) business class air travel.

4.2 Continued support may be available on terms to be agreed between CAT and the Licensee at or before the conclusion of the first year of this Agreement.

5. Warranties

5.1 CAT warrants:

- (a) that it has the right to grant the license the subject of this Agreement;
- (b) that to the best of its knowledge the Patents do not at the time of signature of this Agreement infringe the intellectual property rights of any third party; and
- (c) that to the best of its knowledge no third party is at the time of signature of this Agreement challenging the validity of the Patents.

5.2 The Licensee warrants:

- (a) that it has all necessary authority to enter into this Agreement;

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- (b) that it does not currently hold any patent rights in the Field which adversely affect the ability of other holders (present or future) of a licence under the Patents to exercise their rights under those licences; and
- (c) that it will use its best endeavours to develop saleable Products of good merchantable quality and bring those Products to market within a reasonable time.

5.3 CAT gives no warranty, express or implied, that the technology covered by the Patents or the Know-how will work when applied to any particular purpose.

#### 6. Defence of the Patents and Third-party Claims

6.1 CAT shall have the right to defend the Patents and/or the Know-how in any case of infringement, but shall not be obliged to do so.

6.2 If the Licensee receives any claim that it is infringing third party intellectual property rights (whether or not covered by patent or other protection) by manufacturing or selling the Products it must inform CAT immediately. CAT and the Licensee will then meet to determine the most appropriate approach to the resolution of the issue.

6.3 The Licensee agrees that CAT has no responsibility for the performance of the Products and that CAT will not be held responsible for any claims made by third parties relating to the performance of the Products. The Licensee will indemnify and hold CAT harmless from any loss of whatsoever nature which may arise from third-party Product claims.

#### 7. Most Favoured Licensee

If CAT concludes a licence (the "New Licence") to the Patents and Know-how on terms which are more favourable financially to the licensee under the New Licence than the terms of this Agreement are to the Licensee (but are otherwise identical or

substantially identical to the terms of this Agreement), CAT will offer to amend prospectively the financial provisions of this Agreement so that they are as favourable as those of the New Licence. No other terms of this Agreement will be altered.

8. Agency

This Agreement shall not create any agency, express or implied, between CAT and the Licensee.

9. Assignment

Neither party may assign any benefit under this Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld.

10. Severance

If any provision of this Agreement shall be adjudged void or unenforceable by a competent court, the remaining provisions of this Agreement shall continue in full force and effect.

11. Waiver

The waiver by CAT of any right it may have by virtue of this Agreement shall not constitute a continuing waiver of the right waived or a waiver of any other right.

12. Force Majeure

If the performance of this Agreement becomes impossible as a result of circumstances beyond the reasonable control of either party (a "Force Majeure Event"), the performance of this Agreement (other than the obligation to make payments on the due dates) shall be suspended until the Force Majeure Event ceases. Should a Force Majeure Event continue for longer than six months, CAT shall have the right to terminate this Agreement on notice to the Licensee.

13. Termination

13.1 This Agreement shall terminate automatically on the expiry of the licence term set out in sub-clause 2.3.

- 13.2 Notwithstanding any other provision of this Agreement, this Agreement shall be capable of termination immediately on notice given by either party if the other goes into liquidation (other than for the purposes of reconstruction or amalgamation), receivership, administration or any analogous proceedings in the appropriate jurisdiction.
- 13.3 Either party to this Agreement may give the other party notice that it requires any breach committed by that other party to be rectified within 60 days of the service of the notice to rectify, after which (if the breach is not rectified) the party giving the notice may terminate this Agreement immediately.
- 13.4 CAT may terminate this Agreement immediately on notice if Control of the Licensee passes to any holder of patent rights in the Field which adversely affect the ability of other holders of a licence under the Patents to exercise their rights under those licences.
- 13.5 Termination of this Agreement shall be without prejudice to any rights of either party which may have accrued prior to termination.
14. Notices
- 14.1 Any notice required by or to be given pursuant to this Agreement shall be in writing and shall be given in person to or be sent by first class registered mail or by fax to the appropriate address given at the beginning of this Agreement, unless a new address shall have been notified, in which case notices shall be given to that new address.
- 14.2 Notices shall be deemed served:
- (a) if given in person, on receipt
  - (b) if posted, 48 hours after posting
  - (c) if faxed, at the start of the next business day following transmission.

15. Governing Law

This Agreement shall be governed by the law of England.

16. Dispute Resolution

The parties to this Agreement shall use their best endeavours to resolve any disagreements which may arise under this Agreement before having recourse to litigation.

17. Entire Agreement

This Agreement sets out the entire agreement between the parties relating to the subject-matter covered by it.

.....  
Signed for and on behalf of CAT

.....  
Dated

.....  
Name

.....  
Position

.....  
Signed for and on behalf of  
the Licensee

.....  
Dated

.....  
Name

.....  
Position

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**MEDICAL RESEARCH COUNCIL**

**AND**

**CAMBRIDGE ANTIBODY TECHNOLOGY LIMITED**

**LIMITED LICENCE TO WINTER/WARD/GUSSOW PATENT  
(FOR PRODUCTION AND SALE OF RESEARCH KITS FOR  
PHAGE ANTIBODY SCREENING)**

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THIS AGREEMENT ("Agreement") made as of the ~~22nd~~ day of July..., 1991 ("Effective Date") is entered by and between CAMBRIDGE ANTIBODY TECHNOLOGY LTD of The Daly Research Laboratories, Babraham, Cambridge CB2 4AT (hereinafter called the "Company"), and the MEDICAL RESEARCH COUNCIL, a public body incorporated by Act of Parliament, having its principal place of business at 20 Park Crescent, London W1N 4AL (hereinafter called "MRC").

International Patent Application No. WO90/05144

1. MRC agrees to grant to the Company a non-exclusive world-wide licence to the International Patent Application Number WO 90/05144 (and any further patent application which discloses and claims similar subject matter and any patent granted on such patent applications), in the field of, and for the sole purpose of, the production and sale of research kits using the technology described in U.K. Patent Application Number 9015198.
2. The Company shall have the right to grant one sub-licence to said licence without the prior permission of MRC.
3. For the avoidance of doubt said licence shall not be construed to grant rights to the commercialisation of antibodies and antibody fragments produced from use of the technology described in WO 90/05144.
4. Said licence shall not be construed as a representation or warranty that any patent derived from WO 90/05144 shall be valid.
5. In consideration of said licence the Company shall pay to MRC the sum of ~~reduced~~ exclusive of Value Added Tax as a once and for all irrecoverable payment within three months of the Effective Date of this Agreement.

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IN WITNESS WHEREOF, the Company and MRC have caused this Agreement to be executed in duplicate by their respective duly authorized offices.

THE COMPANY

By: 

Name and Title: D. J. Chiswick General Manager

Witnessed

By: 

Dated 22nd July 1991

MEDICAL RESEARCH COUNCIL

By: 

Name and Title: Martin R. Wood Ph.D.  
Head of Technology Transfer Group

Witnessed

By: 

Dated 26th June 1991

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